

**STATE AGENCY ACTION REPORT**  
**ON APPLICATION FOR CERTIFICATE OF NEED**

**A. PROJECT IDENTIFICATION**

1. Applicant/CON Action Number

**Miami Dade SNF, LLC/CON #10557**

899 N.W. 4<sup>th</sup> Street  
Miami, Florida 33128

Authorized Representative: Richard Stacey  
(305) 326-1236

2. Service District/Subdistrict

District 11/Subdistrict 11-1 (Miami-Dade County)

**B. PUBLIC HEARING**

A public hearing was not held or requested regarding the proposed project.

**Letters of Support**

There were no letters of support included with the application.

**C. PROJECT SUMMARY**

**Miami Dade SNF, LLC (CON application #10557)** also referenced as MDS or the applicant seeks to add 45 beds to a previously approved 70-bed community nursing home project, CON #10532. The combination will result in a 115-bed community nursing home project. CON #10532 was issued on September 11, 2018, to Miami Dade SNF, LLC, to establish a skilled nursing facility (SNF) of 70 beds in Miami-Dade County.

Richard Stacey, the authorized representative and owner of the entity Miami Dade SNF, LLC, documents ownership of the following SNFs in Miami-Dade County:

- Riverside Care Center
- Riviera Health Resort
- Victoria Nursing and Rehabilitation Center

The project cost (cost subject to fee, Schedule 1, Line 51) for the proposal is \$6,690,700. The project cost consists of building, equipment, project development and financing costs. The project consists solely of 29,088 gross square feet (GSF) of new construction.

Per Schedule 10, the applicant anticipates issuance of license for the proposal in May 2021 and initiation of service in June 2021.

The applicant does not condition approval of the proposal to any Schedule C conditions.

<b>CON #10557</b>				
<b>CON# /Applicant</b>	<b># of Beds / Project</b>	<b>GSF</b>	<b>Cost(\$)</b>	<b>Cost/Bed (\$)</b>
<b>CON #10557/Miami Dade SNF, LLC</b>	45	29,088	\$6,690,700	148,682.22

Source: Schedule 1 and 9, CON application # 10557

*Issuance of a CON is required prior to licensure of certain health care facilities and services. The review of a CON application and ultimate approval or denial of a proposed project is based upon the applicable statutory criteria in the Health Facility and Services Development Act (408.031-408.045, Florida Statutes) and applicable rule criteria within Chapters 59C-1 and 59C-2, Florida Administrative Code. An approved CON does not guarantee licensure of the proposed project. Meeting the applicable licensure requirements and licensure of the proposed project is the sole responsibility of the applicant.*

#### **D. REVIEW PROCEDURE**

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes; and applicable rules of the State of Florida, Chapters 59C-1 and 59C-2, Florida Administrative Code. These criteria form the basis for the goals of the review process. The goals represent desirable outcomes to be attained by successful applicants who demonstrate an overall compliance with the criteria. Analysis of an applicant's capability to undertake the proposed

project successfully is conducted by evaluating the responses and data provided in the application, and independent information gathered by the reviewer.

Applications are analyzed to identify strengths and weaknesses in each proposal. If more than one application is submitted for the same type of project in the same district, applications are comparatively reviewed to determine which applicant(s) best meets the review criteria.

Rule 59C-1.010(3)(b), Florida Administrative Code, prohibits any amendments once an application has been deemed complete. The burden of proof to entitlement of a certificate rests with the applicant. As such, the applicant is responsible for the representations in the application. This is attested to as part of the application in the Certification of the Applicant.

As part of the fact-finding, the consultant, Bianca Eugene analyzed the application, with consultation from the financial analyst, Kim Noble of the Bureau of Central Services, who evaluated the financial data and Scott Waltz of the Office of Plans and Construction, who reviewed the application for conformance with the architectural criteria.

#### **E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA**

The following indicate the level of conformity of the proposed project with the criteria and application content requirements found in Florida Statutes, sections 408.035 and 408.037; applicable rules of the State of Florida, Chapter 59C-1 and 59C-2, Florida Administrative Code.

##### **1. Fixed Need Pool**

##### **a. Does the project proposed respond to need as published by a fixed need pool? Or does the project proposed seek beds or services in excess of the fixed need pool? Rule 59C-1.008 (2), Florida Administrative Code.**

In Volume 44, Number 190 of the Florida Administrative Register dated September 28, 2018, need for 45 community nursing home beds was published in the fixed need pool for Subdistrict 11-1 for the July 2021 Planning Horizon.

As of the omissions deadline for the October 2018 “Other Beds and Programs” batching cycle, December 26, 2018, there were no exemptions or expedited CON applications submitted to add beds within Miami-Dade County.

There are 53 facilities with licensed community nursing home beds in Miami-Dade County. The utilization for these facilities from July 2017 – June 2018 is provided below:

<b>Miami-Dade, Subdistrict 11-1, Utilization July 2017 - June 2018</b>			
<b>Licensed Community Beds</b>	<b>Bed Days</b>	<b>Patient Days</b>	<b>Utilization</b>
8,352	3,048,480	2,727,226	89.46%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2018 Batching Cycle.

The reviewer notes the current and projected population of each Miami-Dade County, the district and Florida for the planning horizon. The projected population growth, both numerically and by percent, is provided in the table below.

<b>Miami Dade County Population Change Comparisons</b>						
<b>County/Area</b>	<b>July 1, 2018 Population</b>			<b>July 1, 2021 Population</b>		
	<b>0-64</b>	<b>65+</b>	<b>Total</b>	<b>0-64</b>	<b>65+</b>	<b>Total</b>
<b>Miami Dade</b>	2,302,822	430,667	2,733,489	2,360,598	465,361	2,825,959
<b>District 11</b>	2,359,039	447,304	2,806,343	2,415,256	483,355	2,898,611
<b>Florida</b>	16,583,433	4,080,266	20,663,699	17,028,574	4,457,999	21,486,573
<b>County/Area</b>	<b>2018 - 2021 Increase</b>			<b>2018 - 2021 Growth Rate</b>		
	<b>0-64</b>	<b>65+</b>	<b>Total</b>	<b>0-64</b>	<b>65+</b>	<b>Total</b>
<b>Miami Dade</b>	57,776	34,694	92,470	2.51%	8.06%	3.38%
<b>District 11</b>	56,217	36,051	92,268	2.38%	8.06%	3.29%
<b>Florida</b>	445,141	377,733	822,874	2.68%	9.26%	3.98%

Source: Florida Agency for Health Care Administration Population Estimates, February 2015

The community nursing home bed ratios per 1,000 residents for the age 65+ cohort in Miami-Dade, the district and Florida for 2018 and 2021 are shown below.

<b>Miami Dade Bed to Population Ratio</b>					
<b>County/Area</b>	<b>Community Beds</b>	<b>2018 Pop. Aged 65+</b>	<b>2018 Bed: Pop. Ratio per 1,000</b>	<b>2021 Pop. Aged 65+</b>	<b>2021 Bed: Pop. Ratio per 1,000</b>
<b>Miami Dade</b>	<b>8,352</b>	<b>430,667</b>	<b>19.39</b>	<b>465,361</b>	<b>17.95</b>
<b>District 11</b>	<b>8,592</b>	<b>447,304</b>	<b>19.21</b>	<b>483,355</b>	<b>17.77</b>
<b>Florida</b>	<b>80,580</b>	<b>4,080,266</b>	<b>19.74</b>	<b>4,457,999</b>	<b>18.07</b>

Source: Florida Agency for Health Care Administration Population Estimates, February 2015 and Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2018 Batching Cycle

MDS indicates that the proposal is submitted in response to Agency published need for 45 community nursing home beds in Miami-Dade County in the fixed need pool dated September 28, 2018.

The applicant indicates that the proposed bed addition will create a 115-bed SNF located in an area of Miami-Dade County where only four

SNFs operate. The proposed location, per MDS, has a higher growth rate of 65+ population than found in the rest of Miami-Dade County. MDS asserts that the proposed bed addition primarily adds private rooms, including a choice of private suites. The applicant maintains that private rooms support better outcomes when compared with shared rooms in SNFs. MDS indicates that from a clinical perspective, private rooms reduce the risk of a resident developing a nosocomial<sup>1</sup> infection such as pneumonia. MDS asserts that the proposed project will provide enhanced access to private rooms.

The applicant states that the proposed bed addition creates economies of scale while providing the amenities sought by elders and their families when a SNF is required.

## **2. Agency Rule Preferences**

**Please indicate how each applicable preference for the type of service proposed is met. Chapter 59C-1.036, Florida Administrative Code.**

Chapter 59C-1.036 of the Florida Administrative Code does not contain preferences relative to community nursing home beds nor does the Agency publish specific preferences for these facilities. However, the rule does contain standards the Agency utilizes in assessing an applicant's ability to provide quality care to the residents.

- a. Geographically Underserved Areas. In a competitive certificate of need review within the nursing home subdistrict as defined in 59C-2.200, Florida Administrative Code, the Agency shall award a certificate of need if the applicant meets all applicable criteria for a geographically underserved area as specified in subsection 408.032(18), Florida Statutes, and if the applicant meets the applicable statutory certificate of need review criteria specified in section 408.035, Florida Statutes, including bed need according to the relevant bed need formula contained in this rule. If the applicant is awarded a certificate of need based on the provisions of this paragraph, the applicant shall agree that the nursing facility will be located in a county without a nursing facility, or in the center of an area within the subdistrict of a radius of at least 20 miles which meets the definition of a geographically underserved area. The center of the geographically underserved area shall be the proposed nursing home location in the application.**

<sup>1</sup> Merriam-Webster defines as such: nosocomial (adjective)—acquired or occurring in a hospital.

The proposal was submitted in response to Agency published need, therefore this criteria does not apply.

- b. Proposed Services. Applicants proposing the establishment of Medicare-certified nursing facility beds to be licensed under Chapter 400, Florida Statutes, shall provide a detailed description of the services to be provided, staffing pattern, patient characteristics, expected average length of stay, ancillary services, patient assessment tools, admission policies and discharge policies.**

Using AHCA Hospital Discharge Data from CY 2017, the applicant provides a table summarizing leading hospital discharges to SNFs in CY 2017 for Miami-Dade County residents age 65+ by Major Diagnostic Category (MDC) on page 2-3 of CON application #10557. MDS underscores the largest volume of discharges from hospitals to SNFs in CY 2017 were from patients with musculoskeletal disorders, who accounted for 23.2 percent of discharges in CY 2017. The applicant notes that circulatory diseases accounted for 13.8 percent of discharges.

MDS provides the seven leading hospital discharges (86 percent) to SNFs in CY 2017 by MDC for patients in Miami-Dade County aged 65+, which are noted below:

- 08 Diseases and disorders of the musculoskeletal system and connective tissue (23.2 percent)
- 05 Diseases and disorders of the circulatory system (13.8 percent)
- 04 Diseases and disorders of the respiratory system (12.9 percent)
- 01 Diseases and disorders of the nervous system (9.8 percent)
- 18 Infectious and parasitic diseases, systematic or unspecified sites (9.7 percent)
- 11 Diseases and disorders of the kidney and urinary tract (9.4 percent)
- 06 Diseases and disorders of the digestive system (7.4 percent)

Using the same data source, the applicant includes a summary of the same diagnostic category discharges by Diagnostic Related Groups (DRGs) with a volume of cases by percentage in descending order on pages 2-4 – 2-5 of CON application #10557. From this analysis, MDS notes that the most frequently occurring DRG was DRG 470 (Major Joint Replacement or Reattachment of Lower Extremity w/o MCC) which accounted for 7.7 percent of all cases

by DRG and the second most frequent DRG was 871 (Septicemia or Severe Sepsis w/o MV > 96 hours w MCC) which accounted for 6.1 percent of all cases by DRG.

As a result of this analysis of patient characteristics and discharges by MDC and DRG, MDS intends to include a therapy/ gym area to support rehabilitation requirements for elders discharged with musculoskeletal issues. Additionally, the applicant intends to make wound care, IV antibiotics and practice infection control procedures components of the architectural plan as a result of the anticipated proportion of patients with septic conditions (DRG 871). MDS states that the facility will be configured with 89 private rooms to accommodate these patients as well.

MDS states that the proposed facility will be both Medicaid and Medicare-certified and offer primarily private rooms. The applicant further indicates that licensed nursing staff will be available 24 hours, daily and the facility will offer the following services:

- Therapies: physical, occupational and speech
- Rehabilitation: orthopedic, neurological and pulmonary
- Medical management
- Palliative care
- Hospice care
- Wound care

MDS provides narratives of its intended admission, care and discharge planning on pages 2-7 – 2-10 of CON application #10557.

The applicant's proposed staffing is available below:

<b>Miami-Dade, SNF, LLC Proposed Staffing</b>		
<b>Position</b>	<b>Year 1 FTE</b>	<b>Year 2 FTE</b>
Administrator	1.0	1.0
Director of Nursing	1.0	1.0
Bookkeeper	1.6	1.6
Secretary	1.5	1.9
Medical Records Clerk	2.5	3.3
Other: HR/Marketing	4.4	4.9
RN	11.0	16.4
LPN	10.8	19.7
Nurse's Aide	28.2	49.3
Other: MDs/Nurse Liaison/Case Mgrs	10.3	16.4
Physical Therapist	8.9	16.1
Speech Therapist	1.5	1.6
Occupational Therapist	3.9	7.2
Dietary Supervisor	1.6	1.6
Cooks	5.6	9.9
Dietary Aides	5.4	9.9
Social Worker	1.6	3.0
Activities Director	1.6	3.0
Activities Assistant	1.3	2.3
Housekeepers	5.9	9.9
Laundry Aides	3.8	6.9
Maintenance Supervisor	1.0	1.0
Other: Driver	2.5	3.3
<b>Total</b>	<b><u>117.1</u></b>	<b>191.2</b>

Source: CON application #10557, Schedule 6. Underlined value is incorrect

Utilization for the proposed project is provided in the table below:

<b>Miami-Dade SNF, LLC Proposed Utilization</b>		
	<b>Year 1</b>	<b>Year 2</b>
Admissions	233	421
Resident Days	8,213	14,783
ALOS	35	35
ADC	23	41

Source: CON application #10557, Page 2-10

The table above indicates that the average length of stay will be 35 days.

- c. **Quality of Care. In assessing the applicant's ability to provide quality of care pursuant to s. 408.035 (1) (c), Florida Statutes, the agency shall evaluate the following facts and circumstances:**



1. **Whether the applicant has had a Chapter 400, Florida Statutes, nursing facility license denied, revoked or suspended within the 36 months prior to the current application.**

The authorized representative notes that he did not possess ownership in facilities that have had licenses denied, revoked, or suspended within the 36 months prior to the current application.

2. **Whether the applicant has had a nursing facility placed into receivership at any time during the period of ownership, management or leasing of a nursing facility in the 36 months prior to the current application?**

The authorized representative notes that he did not possess ownership in facilities that have been placed into receivership during the period of ownership, management, or leasing, at any time within the 36 months prior to the current application.

3. **The extent to which the conditions identified within subparagraphs 1 and 2 threatened or resulted in direct significant harm to the health, safety or welfare of the nursing facility residents.**

This criteria is not applicable.

4. **The extent to which the conditions identified within subparagraph 3 were corrected within the time frames allowed by the appropriate state agency in each respective state and in a manner satisfactory to the agency.**

This criteria is not applicable.

5. **Rule 59C-1.036 (4) (f) Harmful Conditions. The Agency shall question the ability of the applicant to provide quality of care within any nursing facility when the conditions identified in the subparagraph (e) 1 and (e) 2 result in the direct, significant harm to the health, safety or welfare of a nursing facility resident, and were not corrected within the time frames allowed by the appropriate state agency in each respective state and in a manner satisfactory with the Agency.**

This criteria is not applicable.

- d. Rule 59C-1.036 (5) Utilization Reports. Within 45 days after the end of each calendar quarter, facilities with nursing facility beds licensed under Chapter 400, Florida Statutes shall report to the Agency, or its designee, the total number of patient days, which occurred in each month of the quarter, and the number of such days that were Medicaid patient days.**

The applicant expresses the intent to comply with this criteria.

**3. Statutory Review Criteria**

- a. Is need for the project evidenced by the availability, quality of care, accessibility and extent of utilization of existing health care facilities and health services in the applicant's service area? ss. 408.035 (1)(b) and (e), Florida Statutes.**

MDS presents the following rationales to support need for the project with respect to the availability, accessibility, and extent of utilization of existing health care facilities and health services within the service area.

The applicant states that availability is defined as how much of a resource exists. With respect to availability, MDS describes the availability of 52 SNFs and 8,156 community nursing home beds within Miami-Dade County (excluding La Mer NH, LLC an inactive facility). MDS notes that facilities with community beds experienced an occupancy rate of 89.5 percent in FY 17/18. In closer analysis of the occupancy of Miami-Dade County SNFs, the applicant identifies 38 facilities (73.0 percent) with occupancies that exceeded 92.0 percent. From this observation, MDS concludes that beds may not be available to residents when needed.

Of note, the applicant comments on facilities that share common ownership/affiliation with the applicant: Riverside Care Center, Riviera Health Resort and Victoria Nursing and Rehabilitation Center. MDS indicates that all three of these facilities had occupancies that averaged 97.0 percent in FY 17/18. The applicant included a map illustrating the distribution of SNFs on page 3-2 of CON application #10557.

MDS provides a commentary on the quality of facilities which share common ownership with the applicant including the historical performance record of these facilities on a number of quality measures. From the historical performance record of existing affiliate facilities, the applicant expects for the proposal to benefit from the experience and credentials of the authorized representative, Mr. Richard Stacey.

In evaluation of accessibility within the service area, the applicant defines accessibility as how readily the population to be served can get to a proposed facility. MDS contextualizes the following components with respect to accessibility: geographic impediments, distance, time to travel and eligibility criteria for qualifying for the service and financial considerations. The applicant identifies utilization as an overlapping accessibility component, since a full bed is not accessible if a person must be placed.

With regards to geographic access, the applicant states that a location for the SNF has not yet been determined and therefore analyses of the surrounding area to the site is not possible. The reviewer notes that the applicant does indicate earlier in the application (pages 1-6 through 1-8) that it has four Zip Codes under consideration for the proposed 115-bed facility (33014, 33015, 33016 and 33018). Moreover, MDS states that one important aspect of geographic access pertains to proximity to acute care hospitals. The applicant notes that there were 20,066 Miami-Dade County 65+ discharges from a hospital to a SNF in CY 2017. A map outlining the distribution of hospitals and SNFs within Miami-Dade County is provided on page 3-5 of the application. From the map provided, the applicant determines that there is at least one acute hospital within proximity to the current SNFs which is determined to reduce travel time when an elderly resident requires transfer from a hospital to a SNF. The applicant states that the distribution also provides choice in facilities that are near to a resident's home. MDS does state that the site selection process includes consideration of drive times, proximity to acute care hospitals and the number of existing and planned nursing homes in the general vicinity of the proposed site.

In consideration of financial access, the applicant states that financial access addresses whether or not there are any economic barriers to obtaining care. MDS asserts that it will participate in both Medicare and Medicaid programs and seek contracts with managed care providers and commercial insurance companies. The applicant expects that having a variety of payment options will allow the facility to open its doors to a wider pool of residents, thereby maximizing access.

MDS states that every effort will be made to eliminate financial barriers that could impede access to SNF care and to work closely with hospital discharge planners and those who may make direct admissions. The applicant notes that its three affiliated facilities provide at least half of their patient days to residents with Medicaid as a payer, which ensures access for residents under Medicaid Managed Care plans.

In evaluation of the extent of utilization within the service area, the applicant determines that occupied SNF beds are neither available nor accessible to an elderly residents requiring SNF care. For this reason, MDS concludes that the extent of utilization within Miami-Dade facilities becomes important with respect to maintaining an adequate supply of nursing home beds for residents who require them.

The applicant notes that overall, Miami-Dade SNFs experienced an 89.5 percent occupancy during FY 17/18. In light of the observation that 73.0 percent of facilities had an occupancy rate of at least 92.0 percent during this period, the applicant determined that these high occupancies may reflect that facilities may have not have had a bed available when a resident required discharge. Overall, MDS states that Miami-Dade SNFs are well utilized, which indicates that the proposed 45-bed addition should have minimal impact on existing facilities. The reviewer notes that the proposal is submitted in response to need for 45 additional beds, published in Miami-Dade County on September 28, 2018.

A chart detailing the utilization of Miami-Dade SNFs and three applicant-affiliated facilities is provided on pages 3-7 and 3-8 of CON application #10557.

MDS provided additional explanations of the proposed project's conformity to Health Care Access Criteria on pages 3-8 through 3-11 of CON application #10557.

- b. Does the applicant have a history of providing quality of care? Has the applicant demonstrated the ability to provide quality of care? Is the applicant a Gold Seal Program nursing facility that is proposing to add beds to an existing nursing home? ss. 408.035 (1) (c) and (j), Florida Statutes.**

The applicant provided a description of the managerial and operational experience of the principal and authorized representative for the proposed project, Richard Stacey, as an attestation of the capacity to provide quality care in the proposed project. MDS notes that three SNFs (Riverside Care Center, Riviera Health Resort, and Victoria Nursing and Rehabilitation Center) share common ownership under Richard Stacey and have achieved a 97.0 percent occupancy rate from July 1, 2017 – June 30, 2018 and four out of five star ratings overall from CMS.

In Figure 4-1 of CON application #10557, the applicant provides a table showing “Nursing Home Inspection Ratings” for Riverside Care Center, Riviera Health Resort and Victoria Nursing and Rehabilitation Center.

The overall inspection rating for Riverside Care Center was four stars, the overall inspection rating for Riviera Health Resort was five stars and the overall inspection rating for Victoria Nursing and Rehabilitation Center was five stars (with a five-star rating being the highest attainable). MDS underscores the five-star rating the three facilities received for staffing and quality measures.

The applicant describes how the proposed facility will operate with medical care in a hotel environment, noting that staff will receive training from the Ritz-Carlton so that the environment will promote comfort and encouragement for family to visit frequently.

MDS maintains that policies and procedures will be in place for continuous quality improvement. The applicant provided a summary of Federal Compliance with Quality Assurance Performance Improvement Standards which will be used to assure quality. The list of these standards is included below:

- Step 1: Leadership, responsibility, and accountability
- Step 2: Develop a deliberate approach to teamwork
- Step 3: Take your QAPI “Pulse” with a self-assessment
- Step 4: Identify your organization’s guiding principles
- Step 5: Develop your QAPI plan
- Step 6: Conduct a QAPI awareness campaign
- Step 7: Develop a strategy for collecting & using QAPI data
- Step 8: Identify your gaps and opportunities
- Step 9: Prioritize quality opportunities and charter performance improvement (PIPs)
- Step 10: Plan, conduct, and document PIPs
- Step 11: Get to the “root” of the problem
- Step 12: Take systemic action

In addition to these measures, the applicant expresses the intent to use Abaqis Providigm, a quality indicator survey tool used to provide data in combination with resident interviews, observations and recorded reviews to identify opportunities for improvement. The applicant highlights the following assessment components of the Abaqis – Providigm tool:

- Readmissions
- Consumer satisfaction
- Providigm QAPI accreditation program
- Electronic medical record
- TRAZER<sup>2</sup>

<sup>2</sup> According to its website, <http://www.trazer.com/about/>, TRAZER offers specialized interactive testing and training programs for concussion management, orthopedic rehabilitation, senior health and injury prevention.

In addition to the quality improvement resources summarized above, the applicant also outlines aspects of its “Continuous Quality Improvement” (CQI) process which includes:

- Management commitment to leadership
- A CQI committee which includes the administrator, physician, director of nurses and a manager/representative from each department
  - A written CQI plan
  - Implementation of an ongoing monitoring and evaluation, which includes the following 10 steps:
    - Assign responsibility
    - Delineate the scope of care and services
    - Identify important aspects of care
    - Identify indicators for monitoring care and services
    - Establish thresholds for evaluation of each indicator
    - Collect and organize data
    - Evaluate care and service
    - Take actions to improve care and services
    - Assess the effectiveness of the actions and document improvement
    - Communicate relevant information to the affected individuals groups and the CQI committee

The applicant states that the aim of the CQI is to provide quality services for every resident every day. MDS describes how the CQI is implemented through a CQI committee which is chaired by an administrator.

Departments develop critical areas and thresholds for each department and committees and action teams within each department report at least quarterly on methods used. A narrative description of ethical employee guides to quality care in the work environment is included on pages 4-7 through 4-10 of CON application #10557.

A table summarizing CQI tools used by the applicant is reproduced below:

<b>CQI Tools and Their Applications</b>		
<b>Planning Stage</b>	<b>Activities</b>	<b>Tools Applied</b>
Problem Identification	Identify needs Consider options Narrow the field Develop objective	Brainstorming List Five whys Visualization
Problem Analysis	Look at situation from many points of view Determine the root cause	Graphic tools
Planning	Set goals Generate potential actions Develop action plans	Gantt chart Barriers and aids Cost of quality Contingencies Decision Matrix
Data Collection	Plot indicators Monitor progress	Graphic tools
Data Interpretation	Interpret results	Graphic tools
Action	Do it now	Objective statement Brainstorming Decision Matrix Five whys
Appraisal	Compare results to objectives	Objective statement Graphic tools The story

Source: CON application #10557, Page 4-9

Additional descriptions of methods of delivering care and the leadership processes used in implementing quality are included on pages 4-9 through 4-10 of CON application #10557 and a summary of residents' rights is included on pages 4-11 through 4-12. The applicant notes that resident rights encompass physical, sexual, emotional, verbal, neglect, financial, and misappropriation of property.

The applicant discusses providing a variety of activities to enhance treatments for patients which are designed to accomplish the following objectives:

- To provide a planned range of meaningful, purposeful activities that reflect the residents' interests, skills and enjoyment
- To promote adaptation and restoration of functions
- To continue the fostering of individual interests and pursuits of enjoyment, for creativity, for mastery and for purpose
- To maximize the expression of individualism through groups and family involvement, spiritual development and independence

MDS maintains that daily activity programs will be available to target each resident's individual needs.

The authorized representative of the proposal and owner of the entity Miami Dade SNF, LLC, Richard Stacey, has three affiliated SNFs: Riverside Care Center, Riviera Health Resort and Victoria Nursing and

Rehabilitation Center. Within the three-year period between December 26, 2016 to December 26, 2018 these affiliated SNFs had two total substantiated complaints in these categories: “Admission, Transfer and Discharge” (Victoria Nursing and Rehabilitation Center), “Dietary Services” and “Resident/Patient/Client/Rights” (Riviera Health Resort). A single complaint can encompass multiple categories.

- c. What resources, including health manpower, management personnel and funds for capital and operating expenditures, are available for project accomplishment and operation? ss. 408.035 (1)(d), Florida Statutes.**

**Analysis:**

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital projects. Our review includes an analysis of the short and long-term position of the applicant, parent, or other related parties who will fund the project. The analysis of the short and long-term position is intended to provide some level of objective assurance on the likelihood that funding will be available. The stronger the short-term position, the more likely cash on hand or cash flows could be used to fund the project. The stronger the long-term position, the more likely that debt financing could be achieved if necessary to fund the project. We also calculate working capital (current assets less current liabilities) a measure of excess liquidity that could be used to fund capital projects.

**Capital Requirements and Funding:**

The applicant indicates on Schedule 2 capital projects totaling \$25,442,833 which consists of an approved 70 bed SNF for CON 10532 (\$18,702,133) and this project (\$6,740,700).

The applicant is a start-up company with \$1,001,000 in cash and no revenues or expenses. The applicant indicates on Schedule 3 that funding for the project will be provided by cash on hand (\$391,304) and non-related company financing (\$6,349,396). The applicant provided a letter of interest from Florida Community Bank for the non-related company financing. A letter of interest is not a binding commitment to lend; therefore, cannot be stated as assured funding.

**Conclusion:**

Funding for this project is not guaranteed and is dependent on obtaining the Florida Community Bank loan.



- d. **What is the immediate and long-term financial feasibility of the proposal? ss. 408.035 (1) (f), Florida Statutes.**

**Analysis:**

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant's profitability projections and, ultimately, whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios, and profitability. We compared the NRPD, CPD and profitability to actual operating results from SNFs as reported on Medicaid cost reports (2016 and 2017 cost report years). For our comparison group, we selected SNFs with similar Medicaid utilizations and bed size to the utilization projected by the applicant on a per patient day basis (PPD). Comparison group data was adjusted for inflation to match the second year projection (inflation factor was based on the New CMS Market Basket Price Index as published in the 3rd Quarter 2018, Health Care Cost Review).

NRPD, CPD and profitability or operating margin that fall within the group range are considered reasonable projections. Below is the result of our analysis.

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	17,011,865	450	1,263	464	362
Total Expenses	15,605,213	413	1,536	472	384
Operating Income	1,406,652	37	42	-11	-223
Operating Margin	8.27%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	37,779	90.00%	99.62%	93.14%	19.61%
Medicaid	9,445	25.00%	30.04%	24.25%	0.12%
Medicare	20,778	55.00%	66.59%	35.83%	1.46%

The projected NRPD, CPD and profit fall within the group range and are considered reasonable. The overall profitability appears achievable.

**Staffing:**

Section 400.23(3)(a)(1), Florida Statutes, specifies a minimum certified nursing assistant staffing of 2.5 hours of direct care per resident per day and a minimum licensed nursing staffing of 1.0 hour of direct resident care per resident day. Based on the information provided in Schedule 6, the applicant meets this requirement in both years.

**Conclusion:**

This project appears to be financially feasible based on the projections provided by the applicant, subject to the financing requirements detailed above.

- e. Will the proposed project foster competition to promote quality and cost-effectiveness? ss. 408.035 (1)(e) and (g), Florida Statutes.**

**Analysis:**

Strictly from a financial perspective, the type of competition that would result in increased efficiencies, service, and quality is limited in health care. Cost-effectiveness through competition is typically achieved via a combination of competitive pricing that forces more efficient cost to remain profitable and offering higher quality and additional services to attract patients from competitors. Since Medicare and Medicaid are the primary payers in the nursing home industry, price-based competition is limited. With a large portion of the revenue stream essentially fixed on a per patient basis, the available margin to increase quality and offer additional services is limited.

**Conclusion:**

This project is not likely to have a material impact on priced-based competition to promote quality and cost-effectiveness.

- f. Are the proposed costs and methods of construction reasonable? Do they comply with statutory and rule requirements? ss. 408.035 (1) (h), Florida Statutes; Ch. 59A-4, Florida Administrative Code.**

The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule. The applicant had not selected a site for the facility at the time of submission and did not explicitly indicate that the site will be chosen based on the disaster preparedness requirements. The application does, however, include a reference to the current building code and indicates that the facility will be built in accordance with these and other applicable codes and standards. The site requirements are included for the referenced building code.

The plans submitted with this application were schematic in detail with the expectation that they will be necessarily revised and refined prior to being submitted for full plan review. The architectural review of this application shall not be construed as an in-depth effort to determine complete compliance with all applicable codes and standards. The final responsibility for facility compliance ultimately rests with the applicant owner. Approval from the Agency for Health Care Administration's Office of Plans and Construction is required before the commencement of any construction.

- g. Does the applicant have a history of and propose the provision of health services to Medicaid patients and the medically indigent? Does the applicant propose to provide health services to Medicaid patients and the medically indigent? ss. 408.035 (1) (i), Florida Statutes.**

The five-year Medicaid occupancy for Miami - Dade County, District 11 and the State of Florida for the fiscal year (July 1 through June 30) is provided in the following table:

<b>Medicaid Patient Days and Occupancy in Miami-Dade County, District 11 and Florida</b>					
<b>Medicaid Patient Days</b>					
<b>Region</b>	<b>FY 13/14</b>	<b>FY 14/15</b>	<b>FY 15/16</b>	<b>FY 16/17</b>	<b>FY 17/18</b>
<b>Miami-Dade County</b>	1,792,054	1,846,004	1,932,456	1,942,379	1,918,179
<b>District 11</b>	1,824,185	1,880,289	1,967,531	1,980,932	1,957,703
<b>Florida</b>	15,837,261	15,875,092	16,097,612	16,077,665	15,962,594
<b>Medicaid Occupancy</b>					
<b>Region</b>	<b>FY 13/14</b>	<b>FY 14/15</b>	<b>FY 15/16</b>	<b>FY 16/17</b>	<b>FY 17/18</b>
<b>Miami-Dade County</b>	66.10%	66.93%	68.88%	70.49%	70.33%
<b>District 11</b>	66.06%	66.84%	68.77%	70.32%	70.21%
<b>Florida</b>	62.05%	61.88%	62.73%	63.34%	63.23%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2014 - 2018 Batching Cycle

The applicant provides historical Medicaid utilization in a table for Riverside Care Center, Riviera Health Resort, and Victoria Health and Rehabilitation Center, for FY 17/18 which is reproduced:

<b>FY 2018 Affiliated Facilities' Commitment to Medicaid</b>						
<b>Facility</b>	<b>Beds</b>	<b>Bed Days</b>	<b>Resident Days</b>	<b>Occupancy</b>	<b>Medicaid Days</b>	<b>Medicaid Occupancy</b>
Riverside Care Center	120	43,800	42,913	98.0%	36,029	84.0%
Riviera Health Resort	223	81,395	79,160	97.3%	40,742	51.5%
Victoria Nursing & Rehab Center	264	96,360	94,270	97.8%	61,503	65.2%
<b>Total</b>	<b>607</b>	<b>221,555</b>	<b>216,343</b>	<b>97.6%</b>	<b>138,274</b>	<b>63.9%</b>

Source: CON application #10557, Page 9-1

The applicant notes that the average provision of Medicaid across all three of these facilities was 64.0 percent for FY 2018.

Moreover, the following payer mix forecast is provided for the proposal:

<b>Payer Mix Forecast – Miami-Dade SNF, LLC</b>			
<b>Resident Days</b>			
<b>Payer</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Percentage</b>
Medicare	1,807	3,252	22.0%
Medicare HMO	2,710	4,878	33.0%
Medicaid	164	296	2.0%
Medicaid HMO	1,889	3,400	23.0%
Self - Pay	1,643	2,957	20.0%
<b>Total</b>	<b>8,213</b>	<b>14,783</b>	<b>100.0%</b>

Source: CON application #10557, Page 9-2, Schedule 7

The applicant forecasts that Medicaid/Medicaid HMO will account for 25.0 percent of patient days in years one and two and self-pay will account for 20.0 percent of patient days in years one and two.

MDS determined that the proposed payer mix forecast and historical Medicaid occupancy at commonly-owned facilities demonstrates the applicant's commitment to provide care to Medicaid patients and the medically indigent.

The applicant does not condition approval of the proposal to a minimum provision of any level of Medicaid/Medicaid HMO, self-pay or charity care.

## **F. SUMMARY**

**Miami Dade SNF, LLC (CON application #10557)** seeks to add 45 beds to a previously approved 70-bed community nursing home project (CON #10532). The combination will result in a 115-bed community nursing home project. CON #10532 was previously issued on September 11, 2018 to Miami Dade SNF, LLC, to establish a SNF of 70 beds in Miami-Dade County.

The authorized representative of the proposal, Richard Stacey, documented ownership of the following SNFs in Miami-Dade County:

- Riverside Care Center
- Riviera Health Resort
- Victoria Nursing and Rehabilitation Center

The project cost (cost subject to fee, Schedule 1, Line 51) for the proposal is \$6,690,700. The project cost consists of building, equipment, project development and financing costs. The project consists of 29,088 GSF of new construction.

Per Schedule 10, the applicant anticipates issuance of license for the proposal in May 2021 and initiation of service in June 2021.

The applicant does not condition approval of the proposal to any Schedule C conditions.

### **Need**

In Volume 44, Number 190 of the Florida Administrative Register dated September 28, 2018, need for 45 community nursing home beds was published in the fixed need pool for Subdistrict 11-1 for the July 2021 Planning Horizon.

As of the omissions deadline for the October 2018 Other Beds and Programs Batching Cycle, December 26, 2018, there were no exemptions or expedited CONs submitted to add additional community nursing home beds within Miami-Dade County. Subdistrict 11-1 had an occupancy of 89.46 percent for the 12-month period ending on June 30, 2018. There were 8,352 licensed community nursing home beds within the subdistrict for this period.

The applicant indicates that the proposed bed addition will create a 115-bed SNF located in an area of Miami-Dade County where only four SNFs operate and has a higher growth rate of 65+ population than found in the rest of Miami-Dade County.

MDS asserts that the proposed bed addition primarily adds private rooms, including a choice of private suites. The applicant asserts that the proposed project will provide enhanced access to private rooms.

The applicant states that the proposed bed addition creates economies of scale while providing the amenities sought by elders and their families when a SNF is required.

*The Agency finds that, on balance, the applicant demonstrated the applicable statutory and rule criteria to merit approval of the proposed bed addition.*

### **Quality of Care**

The applicant described its ability to provide quality care.

MDS states that the managerial and operational experience of the principal and authorized representative, Richard Stacey, will support its capacity to provide quality care in the proposed project.

The applicant notes that three SNFs that share common ownership under Richard Stacey have maintained high occupancy and achieved high ratings on inspection components. MDS states that that the proposed facility will operate medical care in a hotel environment with staff receiving training from the Ritz-Carlton and that the environment will promote comfort and encouragement for family to visit frequently.

The applicant states it will maintain policies and procedures in place for CQI and provides a summary of Federal Compliance with Quality Assurance Performance Improvement Standards which will be used to assure quality. In addition to these measures, the applicant expresses an intent to use Abaqis Providigm, a quality indicator survey tool to provide data in combination with resident interviews, observations and recorded reviews.

Within the three-year period between December 26, 2016 to December 26, 2018 these affiliated SNFs had two total substantiated complaints in these categories: “Admission, Transfer and Discharge” (Victoria Nursing and Rehabilitation Center), “Dietary Services” and “Resident/Patient/Client/Rights” (Riviera Health Resort). A single complaint can encompass multiple categories.

### **Financial Feasibility/Availability of Funds**

Funding for this project is not guaranteed and is dependent on obtaining the Florida Community Bank loan. This project appears to be financially feasible based on the projections provided by the applicant. Staffing projected for the proposed project in compliance to 400.23(3)(a)1., Florida Statutes.

Strictly from a financial perspective, this project is not likely to have a material impact on priced-based competition to promote quality and cost effectiveness.

### **Medicaid/Charity Care**

During FY 17/18, MDS notes that affiliate facilities experienced 64.0 percent Medicaid occupancy. The applicant maintains that the proposed payer mix forecast and historical Medicaid occupancy at commonly-owned facilities demonstrates the applicant’s commitment to provide care to Medicaid patients and the medically indigent.

The applicant forecasts that Medicaid/Medicaid HMO will account for 25.0 percent of patient days in years one and two while self-pay will account for 20.0 percent of patient days in years one and two.

The applicant does not condition approval of the proposal to the minimum provision of any level of Medicaid/Medicaid HMO, self-pay, or charity care.

**Architectural:**

The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule. The applicant had not selected a site for the facility at the time of submission and did not explicitly indicate that the site will be chosen based on the disaster preparedness requirements. The application does indicate that the facility will be built in accordance with applicable codes and standards.

**G. RECOMMENDATION**

Approve CON #10557 to add 45 community nursing home beds in District 11, Subdistrict 1, Miami-Dade County. The total project cost is \$6,690,700. The project involves 29,088 GSF of new construction.

**AUTHORIZATION FOR AGENCY ACTION**

Authorized representatives of the Agency for Health Care Administration adopted the recommendation contained herein and released the State Agency Action Report.

DATE: \_\_\_\_\_

\_\_\_\_\_  
Marisol Fitch  
**Health Administration Services Manager**  
**Certificate of Need**